

Meeting Date: 11/18/08

AGENDA REPORT

City of Santa Clara, California

Agenda Item # SA



SOSA

DATE: October 22, 2008

TO: Contract Administrator for Sports and Open Space Authority Action

FROM: Director of Finance, SOSA

SUBJECT: Status Report for the Quarter Ended June 30, 2008 on the Fiscal Operation of the Santa Clara Golf and Tennis Club

EXECUTIVE SUMMARY: Submitted for SOSA review and acceptance are the following reports: Santa Clara Golf and Tennis Club Income Statement, Variance Report, and the Administrative and Management Fee Calculation paid to American Golf for the quarter ended June 30, 2008.


The Income Statement includes a summary of Golf Course attendance categorized as "Number of Rounds" that is presented at the bottom of the Statement. The Variance Report provides a narrative explanation of significant variances between actual and budgeted Golf Course revenues and expenditures. Schedule 1 provides a graphic comparison of the June 30, 2008 quarter and year-to-date actual, budget, and prior year actual Net Income for the Golf Course. Detailed departmental reports on the Golf Course operations are available for review in the Finance Department.

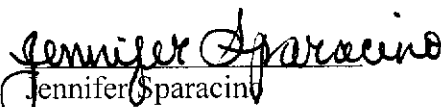
ADVANTAGES & DISADVANTAGES OF ISSUE: The reports provide current information on the fiscal operation of the City's Golf Course.

ECONOMIC/FISCAL IMPACT: The Golf Course Net Income transferred to SOSA for the June 30, 2008 quarter was \$420,446. This transfer to SOSA was \$8,939 more than the budget. Revenues were \$15,283 less than the budget mostly due to actual rounds of play less than budget and lower merchandise sales. Cost of Sales and Operating Expenses combined for a total favorable cost variance of \$24,222, thus the above net favorable variance of \$8,939 for the quarter. The year-to-date net income of the Golf Course transferred to SOSA as of June 30, 2008 was \$1,309,881, which was \$24,281 more than budget. This transfer helps to offset the debt service payments made by the City's General Fund on behalf of SOSA for the Golf and Tennis Club. For FY07-08, the debt service was \$2.763 million. Lower year-to-date green fees, range usage, and merchandise sales resulted in an unfavorable revenue variance of \$130,350. This combined with the total year-to-date Cost of Sales, Operating Expenses, and Capital Outlay favorable variance of \$154,631, resulted in the above year-to-date favorable net income budget variance as of June 30, 2008 of \$24,281.

RECOMMENDATION: That SOSA accept the Status Report for the quarter ended June 30, 2008 on the fiscal operation of the Santa Clara Golf and Tennis Club.

APPROVED:


Mary Ann Parrot
Director of Finance, SOSA


Jennifer Sparacino
Contract Administrator

Documents Related to this Report:
Santa Clara Golf & Tennis Club Quarterly Status Report

FOR THE QUARTER ENDING JUNE 30, 2008

NUMBER OF ROUNDS

SANTA CLARA GOLF & TENNIS CLUB
AMERICAN GOLF ADMINISTRATIVE & MANAGEMENT FEE CALCULATION
FOR THE QUARTER ENDED JUNE 30, 2008

3% MANAGEMENT FEE:

REVENUE DESCRIPTION	GROSS REVENUE	3% MANAGEMENT FEE	
Instruction (1)	\$ 0	\$ 0	
Green Fees	635,870	19,076	
Cart Rental	127,722	3,832	
Range Income	96,271	2,888	
Tennis Income	16,194	486	
Merchandise Sales	67,425	2,023	
Other Income (2)	<u>10,895</u>	<u>327</u>	
TOTALS	\$ <u>954,377</u>	\$ <u>28,632</u>	\$ 28,632

FIXED MANAGEMENT FEE (\$11,892 per month)	35,676
ADMINISTRATIVE FEE (\$4,500 per month)	<u>13,500</u>
TOTAL MANAGEMENT FEE FOR QUARTER ENDED JUNE 30, 2008	\$ 77,808
Rounding	<u>(2)</u>
Management Fee per Income Statement for Quarter Ended March 31, 2008	\$ <u>77,806</u>

(1) Instruction revenue per the Income Statement	\$ 3,626
Less - Revenue from instructor rent and golf lessons not subject to the 3% management fee	<u>(3,626)</u>
Instruction revenue subject to the 3% management fee	\$ <u>0</u>

(2) Consists of Pull-Cart rentals and American Golf Membership fees.

July 28, 2008

Director of Finance
Sports & Open Space Authority
City of Santa Clara
1500 Warburton Ave
Santa Clara, Ca. 95050

Re: April-June 2008 Quarter Financial Report

Enclosed you will find a brief explanation of variances over/under 10% OR \$200.00, whichever is greater, for the months of April-June 2008.

INCOME:

<u>Range:</u>	(\$14,229)	Lower range usage than expected due to the economy. This is a national trend; range business is down in a lot of other markets.
<u>Tennis Income:</u>	\$3,694	Increased league and open play.
<u>Merchandise:</u>	(\$12,076)	Missed rounds by 249. Economy is trending towards less disposable income to buy merchandise. Budget was very aggressive.
<u>Cost of Sales:</u>	(\$11,270)	Missed planned merchandise by \$12,076.

OPERATING EXPENSES:

<u>Utilities –Water:</u>	(\$15,781)	Cost of water increased more than expected, also had little to no rain to offset constant water usage.
<u>Repair & Maintenance:</u>	\$4,001	Did not need as much repair or maintenance money in depts. 30 and 40 for the months of April and June.
<u>Supplies:</u>	(\$5,472)	Iron fitting cart, towels, range tees, gas/oil, and tennis balls in the month of June.
<u>Visa/MC/Banking Fees:</u>	\$2,818	Saving money on credit card bills due to new Point of sale system.
<u>Lease/Rental:</u>	(\$5,255)	Golf cart lease tax.
<u>Telephone:</u>	(\$641)	Cost of phone lines were more than what was budgeted for.
<u>Range Balls:</u>	\$4,187	Saved money on range balls due to decreased range business

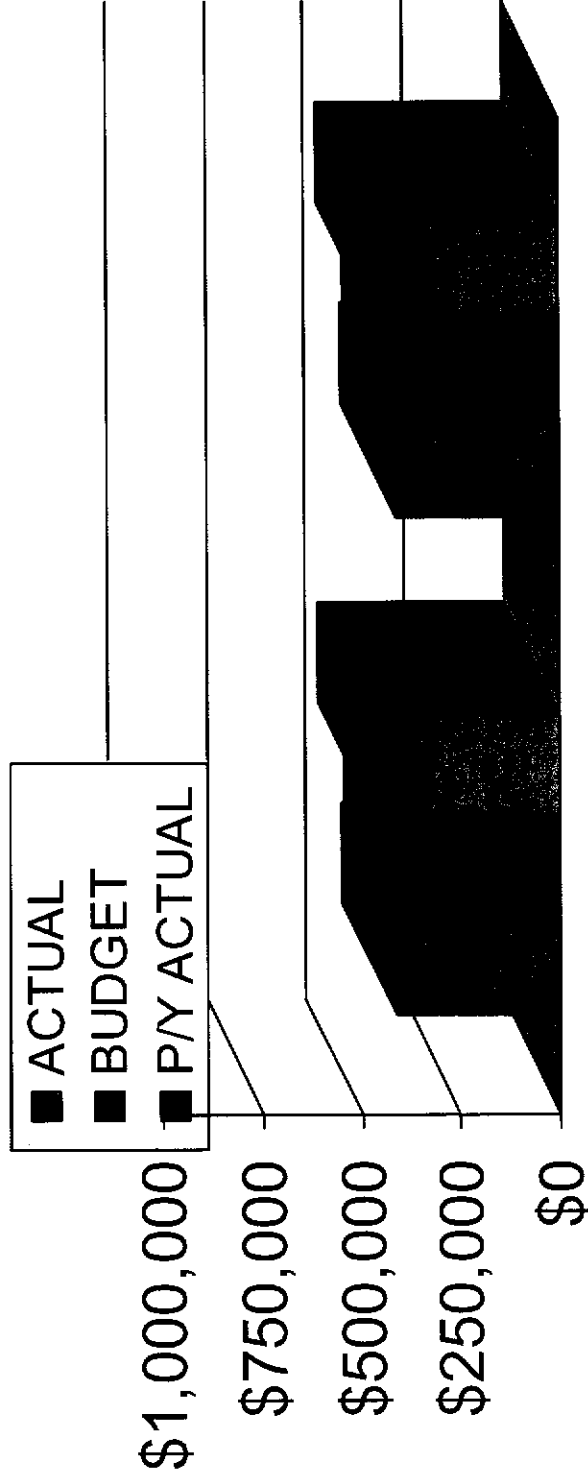
Please feel free to contact me with any questions.

Sincerely,

Kevin Kobayashi
General Manager
Santa Clara Golf & Tennis Club
(408) 980-9515

SCHEDULE 1

SANTA CLARA GOLF & TENNIS CLUB NET INCOME COMPARISON FOR THE QUARTER ENDED JUNE 30, 2008 ACTUALS, BUDGET, AND PRIOR YEAR ACTUALS



CURRENT QUARTER YEAR-TO-DATE

ACTUAL
BUDGET
P/Y ACTUAL

\$1,309,881
\$1,285,600
\$1,427,302